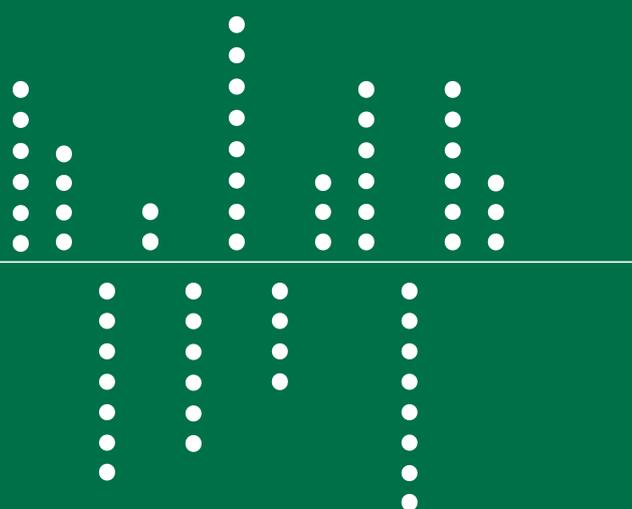


How high is the quality of the Swedish central government's Regulatory Impact Analysis (RIAs) in the business sector?

The NNR Regulation Indicator for 2005

APPROVED



Summary

In Sweden, both the Government and Parliament (the Riksdag) have regulatory simplification high up on their political agenda for a better business environment. A Riksdag resolution of 18 December 2002 called for a quantitative target to be adopted to secure a marked reduction in businesses' costs of administering official regulations during the current Government term of office (2002- 06). In a written communication to the Riksdag (2004/05:48), the Government emphasised that an overall target for a decrease would be defined in 2006. One starting-point is that the target is to be set at a very high level of ambition by international standards. To date, however, the trend does not appear to be moving in the desired direction.

The *Regulation Indicator for 2005* shows that 58% of proposals for new or amended business regulations submitted to NNR for consultation would impose a greater additional administrative burden on companies, while 16% of the proposals would entail a decrease in the burden. The previous measuring period, 2003- 04, showed that 52% of the proposals would cause an increase, while the proportion of proposals that would reduce the administrative burden was 16%, as it is this year.

This year, NNR is publishing the fourth edition of the *Regulation Indicator*. The purpose of these follow-ups is, broadly, to study the quality of Regulatory Impact Analyses (RIAs), and whether there have been any changes over time in the RIAs that must be presented in conjunction with proposals for new or amended company regulations. This 2005 edition shows that there have been improvements for 10 of the 11 quality factors measured by NNR, which is encouraging. Unfortunately, this is happening in some cases from embarrassingly low levels, and mostly for variables that are relatively simple to change. The paramount aspects, such as costs to businesses, are still inadequately clarified. For the past two years, NNR has also assessed whether the proposals may be expected to bring about an increased, reduced or unchanged administrative burden.

Regulatory simplification is a priority issue for the government and Opposition alike. Since 2003, a series of favourable steps have also been taken to improve work on these issues. Notable advances of this kind include measuring companies' costs of dealing with tax, labour-market, environmental and agricultural legislation, on the one hand, and official instructions enjoining ministries and public agencies to present simplification proposals on the other.

The crucial reason why no favourable upturn of the trend has taken place is, in NNR's view, that there is still no coherent policy for regulatory simplification in Sweden. A number of more or less good components exist, but as long as these are not reinforced and concerted, any positive impact is a matter of hit-or-miss. NNR therefore proposes taking the following measures:

- Immediately set an overall, quantitative target for a reduction in the total administrative burden for companies.
- As soon as possible, require the administrative burden to be measured for all business regulations.
- Apply the overall target for a reduction in the administrative burden to all business regulations.
- Reinststate a body in the Swedish Government Offices with primary responsibility for issues relating to regulatory simplification.
- Carry out national RIAs of EU proposals for business regulations.
- Introduce a comprehensive, uniform system of RIAs, with scope for applying sanctions.
- Report publicly on all RIAs.

The NNR Regulation Indicator for 2005

The Board of Swedish Industry and Commerce for Better Regulation (NNR) is a non-profit body. As its members, the Board has 12 business organisations to which 300,000 companies, representing virtually all size categories and sectors, belong. NNR's function is to work for fewer and simpler business regulations and to minimise the extent to which companies are required to report information. For further particulars about NNR, see www.nnr.se.

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1 Introduction

Regulatory simplification is high on Swedish companies' wish list for a better business environment that generates further growth. Merely by administering government regulations, businesses incur an estimated SEK 50 billion a year at least. Today, the Swedish Government and Opposition alike see simplifying business regulations as a key issue of economic policy.

Various measures have been taken to improve such efforts in Sweden. During 2004, several important steps were taken towards a more comprehensive and effective policy of regulatory simplification. These include, in particular, measuring companies' costs of complying with tax, labour-market, environmental and agricultural legislation. Before Sweden can have a policy of regulatory simplification that is at 'a very high level of ambition by international standards' (the stated aim), however, several crucial decisions remain to be made. These relate mainly to such issues as the scope of the regulatory areas to be measured; quantitative objectives; a new system of Regulatory Impact Analyses (RIAs) that gives decision-makers considerably better documentation for their decisions, at national and EU level alike; and organisational issues (see Section 6 below).

Since 2002, the Board of Swedish Industry and Commerce for Better Regulation (NNR) has presented reports on the results of quality follow-ups in its incoming cases. The purpose of monitoring quality in this way is to study how far the Government Offices, government agencies and official committees and commissions of inquiry comply with the existing requirements whereby RIAs must be carried out in connection with proposals for new or amended regulations relating to the business sector. In this year's edition — the *2005 Regulation Indicator* — we follow up previous years' reports, the purpose being to check whether there have been any changes in terms of the quality of RIAs. For the second year running, NNR also reports our assessment of whether proposals for new or amended regulations impose a heavier administrative burden on companies, and the share of proposals that are EU-related. Here, NNR also reports on progress in our consultation work to minimise companies' costs of submitting information as part of government agencies' data collection.

In NNR's view, correctly performed RIAs can actively promote drawing-up of new or amended regulations in such a way as to balance various interests better. If RIAs are of high quality and the findings are genuinely considered in the actual decision-making process, they can actively help to reduce companies' administrative costs of regulatory compliance.

The data for the 2005 Regulation Indicator are, as in 2004, derived from NNR's quality database. Here, draft new or amended regulations relating to businesses are assessed on the basis of how government agencies, the Government Offices, and official committees and commissions of inquiry apply the various requirements contained in the ordinances relating to RIAs. This year, the results and conclusions are based on some 200 draft new or amended regulations between 1 July 2004 and 30 June 2005.

Besides RIAs, the report covers other relevant issues and measures aimed at simplifying life for Swedish businesses. Section 2 overviews the various regulations governing application, and the RIA and consultation requirements to which public administration is subject. Section 3 summarises trends in the area of regulatory simplification in Sweden and also, to some extent, abroad. The need for a better impact-assessment system in Sweden is dealt with in Section 4. The 2004/05 review findings are reported in Section 5 and, finally, NNR reports on various proposed measures for a coherent, enduring policy to bring about simpler regulations.

2 Regulations governing the use of Regulatory Impact Analyses and consultation

Where Sweden's public administration is concerned, there are various regulations and recommendations governing procedure in terms of the problem and impact analyses that must be drawn up in conjunction with proposals for new or amended regulations relating to companies. The purpose of these analyses is to optimise decision-makers' basis for reaching their decisions.

Swedish **government agencies** are subject to two statutes regulating their obligations: the Government Agencies and Institutes Ordinance and the SimpLex Ordinance. There is also a Consultation Ordinance that applies to data collection.

Under the *Government Agencies and Institutes Ordinance* (1995:1322), agencies must present a problem and impact analysis in connection with every regulation proposal. This analysis should include an account of existing problems, the aims of the proposal, alternatives to regulation and the financial impact on businesses affected by the proposal. Stakeholders are entitled to express their views on the matter and on the investigation of regulatory impact.

Under the *SimpLex Ordinance* (1998:1820), agencies must draw up a special RIA in conjunction with a proposed new or amended regulation if the proposal may be deemed to affect conditions for small and medium-sized enterprises (SMEs). The Ordinance contains a checklist of 12 questions for agencies to answer. To some extent, the SimpLex Ordinance covers the same issues as the Government Agencies and Institutes Ordinance.

Under the *Consultation Ordinance* (1982:668), which relates to central government agencies' collection of data from business owners and municipalities, companies' submission of particulars must be limited with reference to the purpose concerned and facilitated as far as possible. The agencies must consult on data collection with an organisation that represents the firms providing the data (i.e. NNR, including its members) or with the Swedish Association of Local Authorities and the Federation of Swedish County Councils respectively.

For the **Government Offices**, there is an internal communication from three state secretaries - — usually known as the '*State Secretaries' Communication*' — emphasising the importance of relevant RIAs. This provides guidelines for special RIAs of the impact of regulations on conditions for SMEs. In addition, there is checklist for regulators issued by the Prime Minister's Office, and the '*Legislative Bill Handbook*' (Ds 97:1).

Committees and commissions of inquiry are subject to the *Committees Ordinance* (1998:1474). The current version is the amended version of 1999. This ordinance imposes obligations for committees, too, to investigate and describe the impact of their proposals in an RIA. The requirements for the individual committees and commissions' assignment are defined in detail in their directives.

3 Development of regulatory simplification policy in recent years

3.1 Action plan

The foremost initiative in the area of regulatory simplification has been the Riksdag resolution of December 2002. This represents the strongest go-ahead to date for the policy aim that efforts to simplify life for Swedish businesses must result in substantial measures.

In October 2003, pursuant to the Riksdag resolution, the Swedish Government presented its programme for regulatory simplification. This was entitled 'Action Plan for Simpler Business Life'. The purpose of the plan is twofold:

- to devise measures to reduce businesses' administrative burden
- to clearly pinpoint measures implemented and planned.

3.2 Ministries' and agencies' assignment

All the ministries and 45 agencies were assigned to review the statutes, ordinances, regulations and general recommendations in their own spheres of responsibility. Based on this review, each ministry and agency had to present a plan to reduce companies' administrative burden of regulatory compliance. The agencies' and ministries' reviews were intended to culminate in a broad action plan to be reported to the Riksdag in a communication in autumn 2004. This work was to take place in consultation with business-sector representatives.

In its communication to the Riksdag dated 4 December 2004, the Government acknowledged the receipt of 291 proposals for simplification from ministries and agencies: 63 from the ministries and 228 from the agencies. These proposals covered everything from simplified routines involving use of the Internet to simplified licensing and application procedures. A summary of the agencies' performance was presented to the Government by the Swedish Agency for Economic and Regional Growth (Nutek) on 1 July 2005. This stated that the agencies had reported as follows: 140 out of the total of 228 agency proposals had been implemented, and all but three of their proposals were to be implemented by September 2006. No summary of the ministries' proposals has yet been received.

One question that naturally crops up is why the 140 simplification measures reported do not have more of an impact on the NNR quality database, which shows an increase in Swedish businesses' administrative burden. There may be several explanations for this. One is that many of the 228 proposals do not need implementing by means of official regulations. Seventy of them, for example, relate to improvements in the agencies' own websites and use of the Internet — matters dealt with only to a minimal extent through regulations or general recommendations. Another explanation is that several of the proposals listed under the heading 'Simpler regulations' do not, in fact, entail any substantial changes in regulations but are, for example, a matter of combining two or more regulations in one. This, as such, may afford better overview or entail a linguistic revision of one or more regulations. Thirdly, some parts of companies' submission of particulars are not directly regulated by statutes, ordinances or regulations. Thus, the agencies' obligation to hold consultations does not apply in many cases and these, as before, are excluded from NNR's quality database. Nevertheless, the most likely explanation is that the influx of new regulations that impose additional administrative costs on companies is more intensive than before, and the 'dilution effect' of simplification measures nonetheless pushed through by the agencies for good purposes is therefore small.

3.3 Measurement of companies' administrative costs

During autumn 2003 and spring 2004, on behalf of the Government, Nutek developed and tested the proposed method of measuring companies' administrative burden that the Swedish Institute for Growth Policy Studies (ITPS) had presented in spring 2003. This measuring method is based on the Dutch Standard Cost Method (SCM).

In the Netherlands, efforts to measure and quantify the administrative costs of compliance began in the mid-1990s. The work done there has culminated in the invention of the SCM, which has been implemented in several other countries in recent years — Belgium, Denmark and Norway, for example. The latest country to start measuring the administrative burden with the aid of the SCM is the United Kingdom.

For several years, NNR has called attention to the scope for starting to use the SCM in Sweden. The method provides detailed information on the tasks that are most expensive to perform, and allows variation in the burden to be monitored over time. In autumn 2003 the Government opted to allocate funds to carry out the first measurement, and the object selected was the Value Added Tax Act. Subsequently, through its communication 2004/2005:48, the Government announced that measurements will be carried out in three more areas: the labour market, the environment and taxation. Measurements were then performed on several statutes relating to tax. On 1 July 2004 the Government instructed Nutek to measure the Annual Accounts Act, the Income Tax Act and associated statutes, the Tax Payment Act, and the Social Security Contributions Act and associated statutes. These measurements indicated an aggregate administrative cost of some SEK 7 billion for the above-mentioned regulations in the area of tax. Work has also begun on carrying out measurements in the environmental, labour-market and agricultural sectors. Within three months after measurements of each regulatory area are completed, a target is to be adopted for a reduction. Only then, when all the above-mentioned regulatory areas have been measured, will the Government define a target for reduction that clearly specifies a level of ambition with respect to the total costs of its regulations. One premise, according to the Government, is that the target set should represent 'a very high level of ambition by international standards'.

NNR finds that it would be more reasonable to follow the other countries' example and measure all legislation that affects businesses, since the Swedish approach excludes several important areas, such as the money markets and statistics.

When the measuring method comes into use, all those concerned are confronted with many issues that are entirely new. The method as such is not complex, but it is to be applied to complex regulations that — for the measurement genuinely to give a true picture of the administrative burden — require considerable expertise and extensive 'hands-on' knowledge.

In Sweden, the process and organisation for performing the measurements have been continuously developed since the measuring first started. The intention is that the measurements should form the basis of a long-term project and serve as an instrument for allocating priorities among and within various regulations. Thus, it is essential that both agencies and ministries, on the one hand, and business organisations on the other can give their backing to, and feel comfortable with, the results. An open, ongoing dialogue concerning various issues relating to the measurements must be deemed crucial to a successful outcome.

NNR finds that, when the method is applied to various regulations, it is vital in terms of the uniformity of different measurements for there to be a detailed manual that provides guidance for consultants and lays down how the method should be implemented. In Sweden, Nutek has issued a manual of this kind that is largely based on the Dutch manual.

Carrying out measurements is closely connected with setting reduction targets for the administrative burden of compliance. Measuring the burden is not an end in itself. The governments of Denmark and the Netherlands have resolved that the target should be a net reduction of 25%, i.e. also including the requirements laid down in new legislation. In both these countries, the target was adopted before the measurements were carried out. With this explicit objective, agencies and ministries concerned become aware that new requirements are being imposed that call for a change. However, the Swedish Government has chosen a different model: the targets of the various legislative areas are set after completion of measurements in the various areas. In the tax area, the Government has adopted a target of 20% for reduction by the year 2010. In NNR's view, the Swedish model gives the public administration considerably weaker control signals and results in a slower pace of work. The quantitative target is important since it starts a process in the public administration whereby the issue of companies' administrative burden becomes clearer to all concerned, and measures must be taken to reduce this burden.

Nutek

The Government has appointed Nutek as the public agency with overall responsibility for regulatory simplification among the agencies. Nutek is responsible for the practical elements in the measurement of administrative burden, and for establishing and operating a database for this purpose. The intention is, moreover, that the other agencies should report to Nutek on their progress with the 228 simplification proposals and also report annually on the progress of regulatory simplification at the respective agency, i.e. provide the same documentation that was formerly sent to the SimpLex section at the Ministry of Industry, Employment and Communications. Furthermore, Nutek's function is to study the RIAs that the agencies are obliged to carry out when they present proposals for new or amended regulations. Business owners wishing to propose amendments to business regulations can also turn to Nutek.

Swedish National Audit Office

The Swedish National Audit Office (SNAO) has examined the Government's work on regulatory simplification. One key reason for this is that on two occasions, in spring 1999 and autumn 2002, the Riksdag issued pronouncements containing clear demands on the Government to aim higher in, and speed up, its regulatory simplification. Based on the Riksdag's instructions to the Government, SNAO has posed the following questions:

- Have the means and tools chosen by the Government to realise the Riksdag's objectives been suitable for the purpose?
- How do the tools chosen by the Government for regulatory simplification work?
- Does the Government's feedback to the Riksdag provide sufficient information about the regulatory simplification under way?

After its review, SNAO (Report RIR 2004:23) drew the following conclusions:

- Inadequate effort is being devoted to simplifying existing regulations.
- Knowledge of where the regulatory burden arises is deficient.
- There is a lack of clarity about the distribution of roles in the checking of RIAs.
- More of the regulatory burden than the administrative burden is measurable.
- There is no comprehensive picture of current work to simplify regulations.

3.4 The EU

The EU greatly influences Swedish business regulations. In certain legislative areas, such as agriculture, food and chemicals, this influence is massive. In others it may be considerable in certain respects, while in some it may be negligible or the EU may exert no direct influence at all. Of the proposals for new or changed business regulations dealt with by NNR, this year's Regulation Indicator shows that 44% are EU-based.

Like the Swedish regulators, the Council of Ministers, the European Parliament and the European Commission have been taking a growing interest in the importance of legislation as a means of promoting competitiveness. In December 2003 the three legislative EU institutions reached an interinstitutional agreement to bring about better legislation COM (2005) 97 final, a Communication from the Commission to the Council and the European Parliament entitled *Better Regulation for Growth and Jobs in the European Union* (a follow-up to the Lisbon Process), gives priority to better European and national legislation. The Commission states that improving the quality of legislation will give the business sector the right incentives, cut unnecessary costs and remove obstacles to adaptability and innovation. To improve the legislative process, the Commission will:

- Publish *Impact Assessment Roadmaps* for all proposals included in the annual legislation programme. These Roadmaps will, at an early stage, provide an indication of the main areas to be assessed and the planning of the subsequent analyses.
- Explore how to better integrate the measurement of administrative costs in its RIAs; a model for this purpose is being developed.
- Perform in-depth economic analysis that includes competition aspects.
- Ensure that RIAs go hand in hand with extensive consultations in which all stakeholders are given sufficient time to submit their views.

These updated Impact Assessment Guidelines are to be applied from April 2005, and a comprehensive independent evaluation of the Impact Assessment system will be launched by early 2006. The Commission also intends to devise a coherent set of common indicators, as a basis for benchmarking, to monitor progress in improving the quality of the legislative environment, both at EU level and in the member states themselves.

3.5 The OECD

The OECD is undoubtedly the organisation that, internationally, most influences development in the area of regulatory simplification. Its 1997 recommendations on regulatory quality and implementation have been normative for many of its 30 member countries' work to simplify their regulation practices. This year, these recommendations have been developed further: more than 20 member nations have, at their own request, had their efforts reviewed in depth by the organisation. One highly topical project under way this year is that of developing a method of measuring companies' administrative costs of compliance with state regulations. This method, which is intended to permit comparisons among countries, is based on the Dutch Standard Cost Method. Another promising project that has been initiated involves the further development of indicators of regulatory quality, which it should be possible to use as an instrument for examining the various countries' regulatory simplification work.

3.6 National examples of positive and negative measures

The Riksdag

Positive

The most important measure taken in the area of regulatory simplification over the past three years was the Riksdag resolution of 18 December 2002. This represented the most powerful signal hitherto that efforts to make life simpler for businesses must yield substantial results.

On 18 December 2002 the Riksdag resolved:

- that Swedish regulations relating to enterprise, in their entirety, were to be reviewed with a view to eliminating unnecessary and burdensome ones
- that a quantitative target would be set for the purpose, during the current legislative period, of markedly reducing companies' costs of administering the regulations
- that Sweden would submit an application to the OECD for examination of this country's efforts to achieve regulatory simplification
- that a time limit, within which government agencies must have replied to or dealt with cases, should be set.

Negative

- That the Riksdag is failing to follow up its 2002 resolution to extend measurement of the administrative burden to the whole regulatory framework in Sweden.

The Swedish Government

Positive

The Government has taken several key decisions to implement its action programme in practical political terms:

- Measurements of the administrative burden in the areas of taxation, the labour market and the environment, and also the Annual Accounts Act and agricultural legislation, are in full swing.
- Quantitative targets for every regulatory area measured are to be set three months after the results have been submitted to the Government.
- An overall target for the reduction in companies' costs is to be set when all the measurements have been completed. One premise is that the target set should represent 'a very high level of ambition by international standards'. The target is to be attained by mid-2010.
- The ministries' and agencies' assignment has resulted in 228 proposals from the agencies and, according to information received, all but three of these proposals are to be implemented by September 2006.
- A public agency, Nutek, has been appointed to exercise overarching responsibility for regulatory simplification at agency level.

Negative

- Areas representing an estimated third of companies' administrative costs of compliance with official state regulations have, to date, been excluded from the measurements. This applies, for example, to legislation in such key areas as food, consumer and financial markets.
- An overall target for a reduction in the administrative burden has not yet been adopted.
- The special section engaged in regulatory simplification at the Ministry of Industry, Employment and Communications (the SimpLex section) has been abolished.
- Work on a new model for RIAs is delayed.
- No compulsory system for carrying out RIAs of the European Commission's proposals for binding business regulations has been introduced.

Agencies and official committees and commissions of inquiry

Positive

- Several agencies have delivered well-considered replies to the Government's assignment of presenting simplification proposals. Examples are the Swedish Board of Agriculture, the Swedish Medical Products Agency and the Swedish Rescue Services Agency.
- The proposals are being implemented, so far, at a rate in line with the time schedule.
- In some cases, agencies and official committees and commissions of inquiry have presented RIAs that can serve as examples of best practice. These include the National Chemicals Inspectorate's report documenting the use of decabromodiphenyl ether (DBDE or deca-BDE, a flame retardant) with a view to a national ban, and the Ministry of the Environment's proposed amendments to the Ordinance (1998:899) concerning Environmentally Hazardous Activities and Protection of Public Health.

Negative

- In general, the compulsory RIAs are still of inferior quality.

4 The need for a new model of Regulatory Impact Analyses

In the Government Offices, work is under way on new regulations governing state agencies' ways of conducting their activities, including how to perform an RIA. The Government Agencies and Institutes Ordinance Commission presented a draft ordinance (SOU 2004:23) on impact analysis in conjunction with the issuance of regulations. This proposal includes a few issues focusing on impact on SMEs, in terms of time required and competitive conditions. There were several reasons for the Government to review the RIA system, but the main one is the low standard of the analyses. The results in the NNR Regulation Indicator for 2005 show very low quality in several areas. The key reason for this is, in NNR's view, the lack of quality control with concomitant sanctions. Another reason may be that the questions in the accompanying analysis chart are not perceived as giving sufficient guidance, or being relevant enough, by the regulators concerned.

The EU is increasingly significant in terms of regulatory impact on companies. The results from this year's Regulation Indicator show that over 40% of proposals for new and amended business regulations originate in the EU. NNR is monitoring and, on an ongoing basis, expressing its views on developments relating to impact assessment in the EU. Efforts are under way in the Union to improve legislation on the basis of the Lisbon agenda — to promote growth, employment and innovation by means of more effective, simpler regulations; abolition of unnecessary burdens and red tape; and consultations with stakeholders. Impact assessment is a cornerstone of this work and is regarded in the EU as a process for systematic survey and analysis of political problems, action options and probable consequences. Impact assessment is also seen as a tool for improving the quality of political action and as an information base for decision-makers.

Since 2003, the European Commission has been applying a new method of impact assessment. Its fundamental principles are integration (balanced analysis of economic, environment-related and social impact); proportionality (matching the depth of the analysis with the scale of probable impact); collaboration (internal taskforces); and transparency vis-à-vis, and consultations with, stakeholders.

The Commission has an Impact Assessment procedure that covers economic, environmental and social impacts, with about ten headings in each category. Matters relating to impact on companies may be found in the economic section, under the following headings:

- impact on competitiveness, markets, trade and investment flows
- impact on direct and indirect costs imposed on business
- impact on the administrative requirements imposed on business.

The findings are to be presented in qualitative, quantitative and (where possible) monetary terms.

The Commission is encouraging EU member states to pursue further development of better legislation at national level, when they draw up new national legislation (impact assessments), through simplification of existing national legislation and improved integration of EU legislation into national law.

In NNR's view the EU approach to regulatory simplification, with impact assessment as a central instrument, is well considered and should set its stamp on development in Sweden as well.

When it comes to the details of impact assessment, the Commission itself emphasises that there is room for improvement with reference, for example, to the member states' experience.

NNR proposes as follows regarding the new Swedish model for the agencies' RIAs:

1. Giving companies' costs of complying with draft new and amended business regulations a considerably more central place in the RIA. It should be possible to divide costs into financial, material and administrative; for examples, see below. It is, for example, more urgent at national than at EU level to emphasise tax impacts, since the crucial tax decisions are national ones.
2. Thoroughly reviewing, not only from a national point of view but by international standards where necessary, effects on the competitiveness of companies affected by proposed new or amended business regulations. This aspect should therefore be analysed under a separate heading.
3. Making RIAs consistently compulsory for all regulators. The same regulatory area may be affected by decisions on the part of several authorities: the EU, with its directives or regulations; the Riksdag with its statutes; the Government with its ordinances; and sectoral agencies with their regulations and general recommendations. In NNR's estimation, it is important for decisions at all levels are subjected to RIAs in advance, and according to the same national assessment procedure. Every decision-making body should find out which RIAs have been performed previously in the decision-making chain, report on these and describe how the impacts on companies in the regulatory area are affected by the body's regulatory plans, compared with previous regulations.
4. Inserting in the RIA a special description of impacts on SMEs in the regulatory area concerned. The EU definition of an SME should be followed. On the other hand, there should not be any special Swedish ordinance on this matter. The SimpLex Ordinance does not fit in with the new integrated approach to impact assessment in the EU.

Where impact assessment in the EU is concerned, NNR considers that the European Commission should, using the statistics at its disposal, attempt to describe as far as possible the impact for each member state concerned. This is because, given the structure of the business sector in different countries, the impact is not always symmetrical. The EU has very extensive statistical data on which to base its decisions, thanks to all the particulars that member states' companies are obliged to submit to Eurostat, the Statistical Office of the European Communities. The structure of the business sector may thus be regarded as reflected in minute detail in EU statistics.

It must therefore be economical in terms of research resources for the European Commission to carry out an initial attempt to describe impacts separately for the member states, in view of the statistical power that it possesses.

Finally, examples are given below of the three areas of regulatory impact into which NNR considers it should be feasible to classify costs.

Financial regulatory impact (payments to and from government agencies)

Examples are income tax, social-security contributions, special employer's contribution (payroll tax), VAT, selective taxes, customs duties, property tax, vehicle tax, stamp duty, supervision charges, employees' preliminary tax (PAYE), and distraint in pay. Grants and subsidies from agencies to companies are also included here.

Material regulatory impact

'Material regulatory impact' refers to measures that companies are required to take to fulfil the purpose of the regulations, or to undertake offered or recommended measures. Examples of interests affected by business regulations are human health, animal and plant protection, property and data protection, gender equality, integration, anti-crime efforts, international security, defence and the work environment.

What may be required from companies is, for example, investments in properties, production facilities and transport equipment; adaptation of products or services offered; sale restrictions; and compliance in staff recruitment and manpower.

Administrative regulatory impact

Examples of actions companies need to take are:

- monitoring legislation
- training staff
- applying for permits and licences
- reporting facts about the company to sectoral agencies
- submitting registration details
- sending in tax returns and statements on customs duties and charges, as listed above
- issuing statements of employees' earnings and tax deductions
- issuing reports to comply with statutory and agency requirements, such as reports on environmental inspection programmes
- proposing inspection programmes
- submitting particulars to Statistics Sweden and other statistical agencies
- investing in equipment for measurement and inspection
- manual internal checks of various kinds
- in-house checking procedures
- book-keeping
- auditing
- drawing up a gender-equality plan, with a survey of salary rates
- performing risk assessments and surveys regarding use of chemicals
- replying to questions from tax and supervisory authorities
- assisting in supervisory visits and inspections
- testing new products with reference to agency requirements
- compiling declarations of contents and ingredients
- price labelling.

In the financial sphere, documentation of advice given to consumers and reporting on money laundering are listed as specific and very costly administrative burdens.

5 Findings of and comments on the Regulation Indicator for 2005

5.1 Case follow-up

Starting in 2002, NNR has presented its Regulation Indicator annually. This year's report is based on the same methods as in previous years. Accordingly, we try to systematically assess the quality of proposals for new or amended business regulations in incoming cases from government agencies, official committees and commissions of inquiry, and the Government Offices. The results of this ongoing follow-up work are presented below. The summary for 2005 is based on some 200 proposals for new or amended regulations from ministries, committees/commissions and agencies. Annex 1 provides a brief explanation of the questions assessed by NNR in each case.

To monitor the quality and scope of the problem and impact analyses to be included, NNR assesses the documentation in terms of 11 quality factors. Most of these are based on the regulations laid down in the SimpLex Ordinance and the Government Agencies and Institutes Ordinance. We have also opted to add a few more factors that NNR regards as self-evident in terms of the rule of law and scope for quantification. For the second year in succession, we can also report on two indicators that show whether the proposals examined bring about an increased or a reduced administrative burden for companies, and whether the proposals stem from EU regulations that have been adopted and are to be implemented in Sweden.

The purpose of following up individual cases is to obtain a broad grasp of the RIAs' quality and whether any changes are taking place over time with respect to companies' administrative burden. The method affords no scientific precision and one should therefore be wary of concluding too much from small changes.

5.2 NNR's quality factors and target fulfilment

Below, the results obtained from NNR's quality database are shown. The table states the percentages of cases that entail or fulfil the various quality factors.

Quality factors and target fulfilment in 2002- 05 (percentages)

	2005	2004	2003	2002		2005	2004	2003	2002
1. Summary	93	77	64	49	7. Total costs	9	5	5	4
2. Previous regulations	86	79	56	55	8. Competition aspect	47	43	20	9
3. Alternatives described	53	49	37	26	9. Goldplating	7	6	3	5
4. Early consultation	48	35	36	30	10. Official review period	86	75	64	55
5. Number of companies	28	25	9	6	11. Simp Lex analysis	35	39	51	47
6. Costs per company	17	7	7	4	12. Administrative burden:				
					Increased	58	52		
					Reduced	16	16		
					Unchanged	26	32		
					13. EU-based	44	40		

Source: NNR

5.3 Comments on the quality factors

1. Summary

A summary of proposals exists in as many as 93% of cases, against 77% in 2004. NNR finds it gratifying that the proportion has increased for the fourth consecutive year. A summary should be self-evident in every major case. The reason for this is that it enables the reader to get a quick grasp of a case and assess what the proposal is really about. In NNR's view, the parties concerned should not need to read a whole proposal in order to obtain a grasp of its content and coverage.

2. Previous regulations

In 86% of cases, against 79% in 2004, the regulations applying previously are reported. Here, too, the trend is positive for the fourth year running. For the impact of a proposal to be understood, there must be an account of the nature of the actual change. If the proposal is unintelligible to readers, the stakeholders concerned have less of a chance to form views on its consequences and, accordingly, express relevant opinions. This boosts the risk of low-quality proposals being adopted. The proposals may then have implications that are not clarified in the documentation.

3. Alternatives described

In 53% of cases, against 49% in 2004, alternatives to the proposal presented are described. In some cases, there may be alternatives to official regulation, the form of regulations proposed or other parts of the proposal. This applies particularly in cases where the proposal originates in Sweden and does not stem from a decision taken in the EU. NNR deems it essential for various alternatives to the proposal, or parts of it, to be described. Otherwise, the reasons for refraining from doing so should be reported.

4. Early consultations

In 48% of cases, against 35% in 2004, the manner in which consultations with sectors and companies concerned have taken place is reported. After a few years when development has been at a standstill, the regulators' interest in early consultations now appears to be growing. To devise regulations of the highest possible quality and minimise their adverse consequences for the companies concerned, NNR considers it imperative to engage, at an early stage, in a dialogue on the nature of the regulations and which proposals are best. Liaison with the parties concerned should take place before the proposal is circulated for official comment. The wording of the regulations must be optimised with reference to the Government's interests and companies' capacity and situation. With greater knowledge, the quality of various regulatory frameworks should improve. It is, for example, inadequate merely to write that 'consultations with the sector have taken place', as unfortunately happens in many cases. The essential task in the context is to report the stage of the process at which consultations took place, the views that emerged and how these were taken into account in the drawing-up of the proposal. NNR regards early consultations as a key factor in bringing about high-quality regulations.

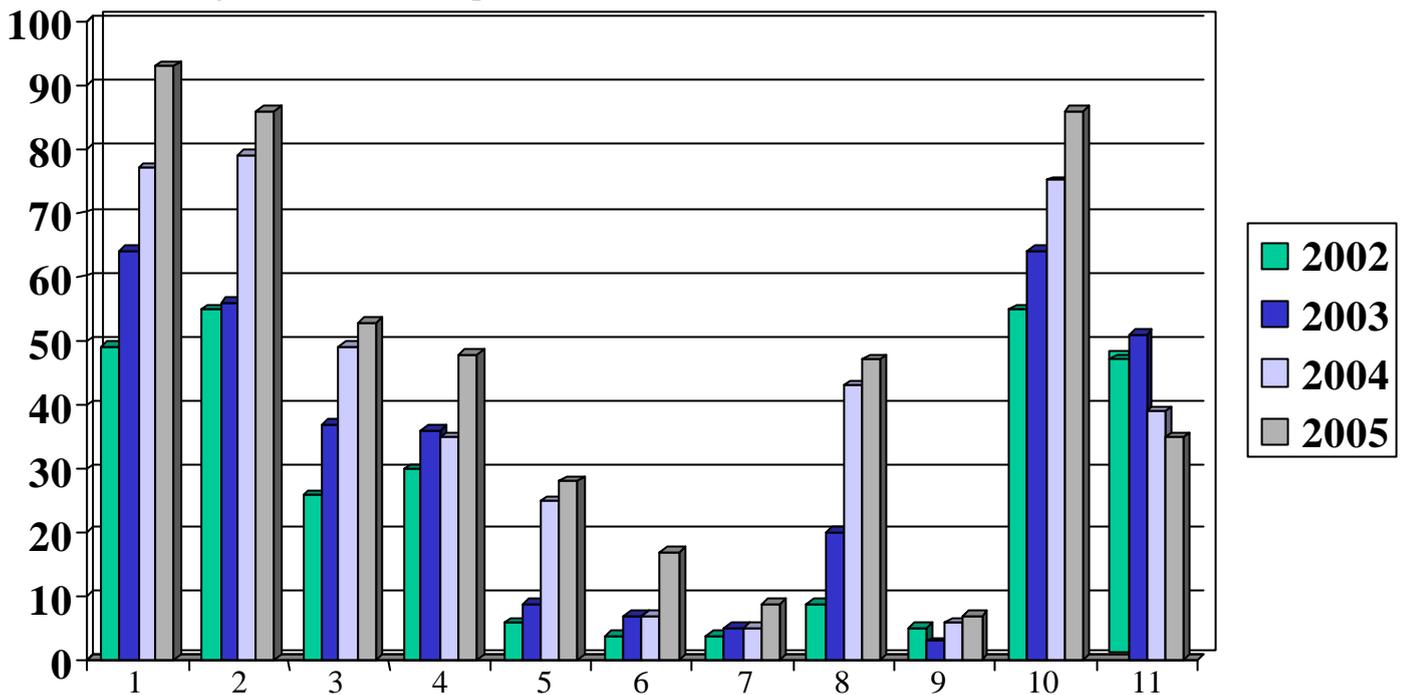
5. Number of companies

In 28% of cases, against 25% in 2004, the number of companies concerned is reported. After an upturn from 9% in 2003 to 25% in 2004, the regulators' interest in this task now seems to have subsided. To afford a grasp of the proposal's implications, it should be reported in the proposal how many companies are concerned; their size, for example in terms of the number of employees or turnover, should be specified. This kind of information makes it easier to balance various interests and assess whether the proposal is in proportion to the problem. By extension, the problem and impact analysis requirements could conceivably be differentiated with respect to the scope of the proposal. This model is applied in the Netherlands, for example. Differentiation based on coverage would be one way of using the resources more effectively.

6. Costs per company

The proportion of cases in which the costs entailed by the proposal for an individual company are reported is 17%, which is 10 percentage points higher than in 2004. To clarify the effects of various proposals, it is crucially important for Sweden's public administration to extend its efforts to estimate the costs that the proposals impose on businesses. Quantifying the proposals' effects and expressing them in terms of Swedish kronor make them clearer to all the parties concerned. Today, the point of departure is almost always a regulation perspective, and only in a few cases do regulators attempt to elucidate their proposals' prospective concrete effects on the companies concerned.

NNR Regulation Indicator (per cent)



7. Total costs

Total costs are reported in 9% of cases, against 5% in 2004. To allow various interests to be balanced and the suitability of different proposals assessed, NNR deems it necessary to estimate and quantify total costs. The optimal situation is, of course, that in which both aggregate costs and profits are reported. NNR is well aware that several problems are involved in carrying out ‘precise’ calculations of any costs that a proposal may impose on the companies concerned. In too few cases today, however, is there any attempt to classify the effects and report on the type or size of the costs that may be expected to arise. For companies, these costs may be anything from investment requirements to payroll expense for the staff whose task it is to report the information specified in the proposal.

8. Competition aspects

In 47% of cases, against 43% in 2004, the competition aspect is clarified. This continued change is positive, but even greater emphasis must be laid on the competitive aspects of a proposal. NNR monitors whether legislative proposals contain any account of whether the proposal may have any impact on competition between different actors with respect, for example, to company size, form of enterprise or identity of the principal. With intensified competition owing to globalisation in virtually all sectors, it is advisable to clarify the form taken by corresponding regulations in competing countries as well. Today, there is no requirement to report on this issue. In the Netherlands, on the other hand, reporting on this matter is required.

9. Goldplating

In 7% of cases, against 6% in 2004, the manner in which the proposal relates to an EU decision adopted is clarified. In NNR’s view, this proportion is too low and the reform is starting from a very low level. In some cases, the agencies and the Government choose, for one reason or another, to go beyond a decision taken by one of the EU institutions. This is termed ‘goldplating’, and this information does not always emerge clearly from the

RIA. In the implementation of EU decisions, NNR considers that it should be reported clearly how the proposal relates to the decision taken. If Sweden opts to introduce regulations over and above an EU decision, NNR deems that the motives for doing so must also be clearly disclosed. Regarding EU-related proposals, NNR believes it is essential to perform a problem and impact analysis at as early a stage as possible and to hold consultations with the business sector in the course of the analysis. When regulations are to be implemented in the member states, flexibility may in some cases be very limited, even if the proposal may come to exert substantial adverse effects on companies. These effects, however, are not reported.

10. Official review period

In 86% of cases, against 75% in 2004, the official review period lasts at least three weeks. For the parties concerned to have reasonable time to familiarise themselves with a proposal and to analyse and comment on the same, a respite of at least three weeks is desirable. The Swedish procedure of circulating documents for official bodies to review exists to enable stakeholders to express their opinions on proposals that affect them and thereby convey their views on such proposals to the Government. The review procedure is used, in some cases, when the reply time is very short. It may then be seen more as a means of issuing information than as a genuine opportunity to express opinions. This kind of procedure does not favour the drawing-up of high-quality regulations, and it may be seen as an indirect threat to the rule of law. NNR is well aware that there may sometimes be reasons why decisions on new or amended regulations must be taken at short notice but this is, after all, exceptional.

11. SimpLex analysis

In 35% of cases, against 39% in 2004, an analysis has been presented according to the requirements contained in the SimpLex Ordinance. Here, the results have shown a negative trend since 2003, and one implication of this is that the Government Offices' quality control has not functioned properly. The above section shows that a SimpLex analysis must be carried out in cases when the proposal may have a substantial impact on conditions for SMEs. Nevertheless, many agencies find it unnecessary to carry out two separate RIAs for the same case (see Section 2). NNR has proposed to the Government Agencies and Institutes Ordinance Commission and the Ministry of Industry, Employment and Communications that the current requirements to which agencies are subject should be revised, so that they are included in a single ordinance instead of two as at present. Given that 98% of the Swedish business sector is composed of SMEs, the number of agencies reporting a SimpLex analysis or reporting on impact on SMEs, if any, should be considerably higher. Some agencies assert that the regulations have no effects on SMEs, although this is the case. According to NNR, this pinpoints a weakness of the SimpLex Ordinance: that it lacks sanctions against agencies that fail to comply with the regulations.

12. Administrative burden

Since autumn 2003, for every case received, NNR has assessed whether the proposal would result in an increase or decrease, or no change, in companies' administrative burden. The findings of our assessments, which were made up and including June 2005, show that 58% (against 52% in 2004) will result in an increased burden, 16% (as in 2004) in a reduced burden and 26% (compared with 32% in 2004) in no change in the administrative burden. There is no scientific precision underlying these figures, but they provide a good indication of the trends.

13. EU-based

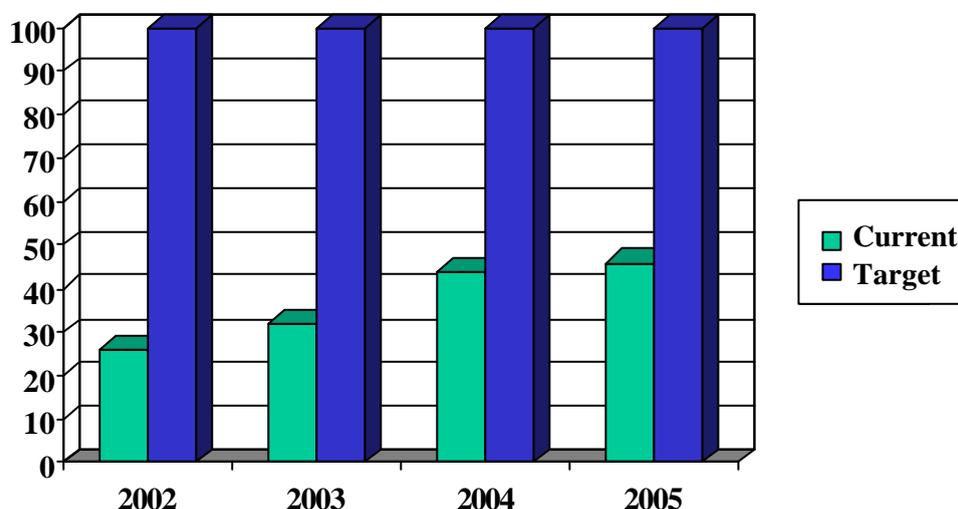
Of the cases received by NNR in 2005, 44% of the proposals for new or amended business regulations stem from EU regulations adopted to date; the figure for 2004 was 40%.

These results show that, nationally, there is still great scope for measures to simplify life for the business sector in Sweden, but also that considerably better national RIAs of the European Commission's proposed new joint regulations are required. In a survey of all the bills passed by the Swedish Riksdag during the period 1998-2003, Swedish Television's news desk (*Aktuellt*) has arrived at a figure of 30%. However, the importance of the EU as a regulator varies greatly from one area to another.

NNR finds that improvements have taken place for 10 of the 11 quality factors. Unfortunately, in many cases, they are taking place from previous performance levels that were lamentably low, and mainly for variables that are relatively easy to change. The key aspects for companies, such as issues relating to the costs that the proposals may be expected to impose on those concerned, are still poorly clarified. An account of costs and of which companies are in fact involved is extremely important, both to those who are to decide on new or changed business regulations and to those who are directly affected by these regulations.

The following diagram illustrates an overall appraisal, for 2002- 05, of the variables monitored by NNR in relation to a situation in which all cases contain the quality factors NNR sees as essential. The illustration shows clearly that, for several indicators, vigorous steps must be taken to enhance the quality of proposals for new or amended regulations. In Section 6, NNR reports on various proposed measures to improve quality.

5.4 Targets and current performance



5.5 Companies' provision of information — a major administrative regulatory burden

The government agencies request information from companies for a range of purposes, from taxation to charging of customs duties, licensing, the award of grants, supervision and inspection, research activities, social planning and compilation of statistics. In its 1998 survey, the Swedish Agency for Public Management found that 75 agencies collected data, using around 1,150 types of form. In 1998, the flow of filled-in forms sent to these agencies amounted to 73 million.

According to a (hitherto unpublished) follow-up study on 2004 trends by the Confederation of Swedish Enterprise, the total volume of forms had risen to 93 million, or by 28%. This increase is attributable entirely to the statements of employees' earnings and tax deductions submitted to the Swedish Tax Agency. These had risen in number from 52.7 to 78.2 million owing to the extended obligation to submit these statements on the capital side, combined with the expansion of the Swedish economy. Excluding the statements of earnings and tax deductions it may, gratifyingly, be noted that the total number of other forms that were submitted fell from 19.9 to 15.9 million, or by some 20%.

Since 1982, central-government agencies have been obliged (under the Consultation Ordinance, 1982:668), in their data collection, to consult an organisation representing the companies and municipalities that provide information. NNR serves a consultative body on the company side. The purpose of its consultations is to draw the agencies' attention to the problems and costs that may arise for companies and, if possible, take measures to reduce and simplify the provision of information. On its website, NNR lists aspects that the agencies should take into account. At best, even before cases are raised with NNR, the agencies have taken these aspects into account satisfactorily. Otherwise, NNR and its members try to get their simplification proposals accepted by the agencies. These proposals often, but not invariably, obtain a hearing.

NNR monitors the quality of the consultation cases as well. It cannot provide a full picture of the changes in data collection, since the agencies' compliance with the Consultation Ordinance has proved to be incomplete. A summary, compiled in 2004, of the consultation cases showed that the agencies perform calculations of expected costs for companies submitting information in only a quarter of cases. Costing of this kind should, in principle, always be performed when a new information requirement is imposed or an existing one is changed. In some 10% of cases, it was not even discernible from the case documents how many companies were intended to meet the information requirement, or which sector it concerned.

The results of the consultations where companies were concerned may be illustrated by the following data. In 28% of cases, some issues were eliminated from the information required (on the form). In 63%, the questions were simplified to one degree or another, and in 20% there was a reduction in the number of companies selected.

NNR's work on the submission of particulars has short-term effects, of course, in terms of simplification of temporary submission requirements applying to companies. Sometimes, however, positive effects are brought about for companies through permanent submission requirements. In the late 1990s, at NNR's initiative, collection of tax on employers was simplified in a way that was significant in both theoretical and practical terms, and this simplification has proved capable of lasting. Staff statistics concerning sickness absence are now compiled on a selection basis instead of by means of a comprehensive survey. The cost savings from these and other permanent regulatory changes regarding submission of information may be estimated at SEK 300 million a year at least.

6 Conclusions and proposed measures

6.1 Conclusions

During 2003- 05, as reported above, a series of highly positive measures were taken in the area of regulatory simplification. An action plan to simplify everyday life for businesses has been drawn up by the Government. The purpose of this programme is twofold: to devise measures to reduce companies' administrative burden, and to make implemented and planned measures clearly visible. Measurement of administrative burden is in full swing, and agencies and ministries have submitted 291 proposals for simplification measures, of which 140 have already been implemented. One agency has been given overall responsibility for the work of regulatory simplification.

The findings of the NNR Regulation Indicator for 2005 show that marked improvements have been attained, in terms of quality, since 2002. This applies to simple measures on the regulators' part, such as summarising proposals and stating previous regulations. In such areas as describing alternatives, early consultations and providing an official review period of at least three weeks, successive improvements have taken place although this is still done in just under half of cases. When it comes to the competition aspect, this too is being reported to an ever growing extent, although it is often dealt with in a somewhat summary fashion.

Despite these positive measures and results, the NNR Regulation Indicator for 2005 shows that the trend is moving in the opposite direction from that decided upon by the Government and Riksdag alike. The administrative burdens on companies are growing instead of shrinking. Of the proposals for new or amended business regulations that are presented and that NNR receives, 58% entail increases in the burden while only 16% involve reducing it.

The crucial reason why there has been no positive reversal of the trend is that no coherent policy for regulatory simplification exists in Sweden as yet. The Government's action plan is incomplete, and must therefore be supplemented and reinforced, and political control over the plan must be stepped up to have a real impact.

What we see today is a number of more or less favourable components. But as long as these are not consolidated and connected to make a functioning whole there is, unfortunately, a risk of the negative trend persisting. Some examples of this are as follows:

- Measurements in terms of companies' administrative burden have been initiated, but only 65- 70% of the regulations are required to be measured.
- The Government's decision not to measure the whole administrative burden means that roughly a third of regulations are neither measured nor subject to reduction targets.
- The Government is to set interim targets for the various regulatory areas in which measurements take place, and only thereafter adopt an overall target. Accordingly, no general target for the Government's objective of reducing companies' administrative burden has yet been adopted.
- There are four different ordinances that govern work on RIAs, but there are no sanctions against agencies that carry out inferior RIAs or refrain altogether from performing RIAs on their proposals.

- The Government has been pushing for improvements in the EU system of Impact Assessment, but there is no obligation to carry out an early national impact assessment of the European Commission's proposals regarding impacts on companies in Sweden.
- The Government has appointed an agency to take charge of the overall work of regulatory simplification, but is simultaneously eroding the organisation in the Government Offices that has been the prime mover in efforts to simplify regulations.

Comparison of the Danish, Dutch and Swedish programmes to reduce companies' administrative costs of compliance with official state regulations

	DK	NL	SE
Programme for reducing companies' administrative burden	Yes	Yes	Yes
Measurement of administrative burden	Yes	Yes	Yes
Measurement of all regulatory areas	Yes	Yes	No
Percentage/year targets for a reduction in the overall administrative burden	25% by 2010	25% by 2007	Not yet
An independent review and support body that monitors and comments on developments	No	Yes	No

6.2 Proposed general measures

- Immediately adopt a clear quantitative target for a reduction in the overall administrative burden.

The Swedish Government has pledged to adopt a comprehensive quantitative target for its aim of reducing companies' administrative costs of compliance with official state regulations. One premise, according to the Government, is that the target set should represent 'a very high level of ambition by international standards'. This target is not, however, to be adopted until the measurements adopted have been concluded, and this entails a decision sometime during summer 2006. The governments of the Netherlands and Denmark have opted to first define the political ambition, which has been set at a 25% decrease by 2007 and 2010 respectively, and then measure the burden. One decisive reason for this arrangement is that the work requires powerful political signals and that the Government's ambitions must therefore be clarified at an early stage to the 'regulatory apparatus'. Unless quantitative ambitions are clarified early on, there is a risk of regulatory simplification being delayed.

- Adopt a target that covers the whole regulatory framework.

To date, the Government has decided to exempt about a third of Swedish regulations from measurement and quantitative reduction of the administrative burden. This may bring about a 'two-tier system' that boosts the administrative costs of compliance for companies in the exempted areas. At worst, the increase in these areas could appreciably reduce the impact of the reduction in the other areas. Nor are the exemptions a good signal to the agencies that must actively assist in the simplification process. Examples of areas in which legislation has been exempted to date are statistics, food, consumer affairs and money markets.

- Set up a body in the Government Offices with primary responsibility for issues relating to regulatory simplification.

The section in the Ministry of Industry, Employment and Communication that had, since 1999, been in charge of implementing government policy in matters involving regulatory simplification underwent successive erosion in its status and was abolished in 2004. Instead, responsibility has been increasingly laid on a government agency, Nutek. In the Government Offices, responsibility has been assigned to the Ministry's business section, which serves as a taskforce for regulatory matters. However, regulatory simplification is an issue that requires exceptionally strong political incentives to be put in place for ministries and agencies alike. This is one reason why a centrally located body is needed in the Government Offices, with both the capacity and the strength that are required, to monitor compliance with government decisions. A body of this kind is also important for contacts with companies and their representatives. An agency can never take over the Government Offices' mandate in these matters, however competent and highly motivated the agency's officials are.

- Carry out national RIAs of the European Commission's proposals.

NNR's Regulation Indicator shows that roughly 40% of proposals for new or amended business regulations are EU-related. In particular, the European Commission — at the urging of several member states — has adopted a programme of vigorous improvements in its system of impact assessment, which is considerably more far-reaching than the Swedish ordinances. Decision-makers will thereby obtain substantially better documentation for assessing how the new proposals may come to affect companies at a more extensive EU level. On the other hand, in many respects the impact on companies will vary, depending on existing national regulations and/or the structure of the business sector in the various countries. If the Government and Riksdag consider the effects of the EU's regulation of business in Sweden to be a high-priority issue, national RIAs concerning the impact of proposals on companies should be carried out in good time before any decisions are taken in the European Commission, the European Parliament and the Council.

6.3 Measures to improve the quality of RIAs

- Introduce a comprehensive, uniform system of RI.

NNR has previously submitted to the Government its proposal that the regulators should not need to implement two RIAs of the same proposal, i.e. a problem and impact analysis under the Government Agencies and Institutes Ordinance and a special SME analysis under the SimpLex Ordinance. Instead, a new ordinance should be introduced that contains a joint analysis, incorporating some issues questions relating mainly to SMEs. Many ideas can, with advantage, be found in the European Commission's new system of impact analysis and in NNR's proposal for the Commission on the Government Agencies and Institutes Ordinance (see Section 4).

- Introduce scope for sanctions.

Present-day RIAs from agencies, official committees and commissions of inquiry and the Government Offices are all too often inferior in quality. This applies, in particular, to issues relating to how the various proposals affect companies' costs. Despite training inputs and the requirement of a special SME analysis, improvements in terms of costs are marginal. With respect to the requirement of a special RIA concerning the impact on SMEs, compliance has even decreased. One crucial reason for the perpetuation of this trend is that checks and scope for sanctions for non-compliance are lacking.

- At every ministry and agency, appoint an officer in charge of work on RIAs.

Today, there are already liaison officers at certain agencies and ministries. Responsibility for development and liaison regarding RIAs at agencies and ministries should, however, be formalised and a responsible person appointed at every ministry and agency. For the outreach work of the ministry or agency in question, in particular, it is important for stakeholders to be able to identify the person responsible with ease. The individual making an inquiry can then, if necessary, be directed elsewhere in the organisation.

- Implement early consultations

Early consultations with stakeholders are crucially important, for several reasons. A dialogue at an early stage means that various options, including that of refraining from regulating the matter in question, can be discussed. If the politicians nonetheless opt for regulation, a dialogue with stakeholders is necessary to find a reasonable balance between the least costly outcome for companies and the politicians' desire to create an effective regulation. The consultations should be concluded in good time before documents are circulated for official bodies to review and comment on. The review documents should then include a summary of what, broadly speaking, has emerged from the consultations implemented to date.

- Publicly report on RIAs carried out.

It is vital for transparency to prevail in the dialogue between stakeholders and decision-makers on the effects of proposed new or amended business regulations. Well-executed RIAs are among the cornerstones of the regulators' decisions. All RIAs should therefore, in principle, be public and accessible on the Internet.

7 Annex 1

Explanation of NNR's quality factors

Summary	<p>Has the regulator summarised the case and described its content in the proposal?</p> <ul style="list-style-type: none">• A summary clarifies the proposal for the parties concerned and bodies consulted.
Previous regulations	<p>Are previous regulations described?</p> <ul style="list-style-type: none">• A description of the existing regulatory framework is important, to place new amendments in the context of present-day regulations.
Alternatives described	<p>Has the regulator described the alternatives to a new or amended regulation?</p> <ul style="list-style-type: none">• Is a new or amended regulation the most appropriate way of solving the problem? Alternatives to regulation may result in high target fulfilment.
Early consultation	<p>Were the parties concerned, or their representatives, consulted before the proposal was presented?</p> <ul style="list-style-type: none">• The parties concerned can give good feedback on how to solve the problem and propose alternative solutions. They can also provide information on the costs, if any, of complying with the regulation.
Number of companies	<p>Is there an account of how many companies and which sectors are affected by the amendment or the new statutory requirement?</p> <ul style="list-style-type: none">• The number of companies affected is an indication of the scope of the regulation.
Companies' costs	<p>Has the regulator estimated the costs incurred by those concerned owing to the proposal?</p> <ul style="list-style-type: none">• If, for those concerned, the proposal entails costs of an administrative or practical nature, or in terms of time, these should be estimated.
Total costs	<p>Are there any estimates of costs incurred collectively by all the businesses concerned?</p> <ul style="list-style-type: none">• The costs incurred by all the businesses concerned must be considered in relation to the purpose of the regulation.
Competition aspect	<p>Has the regulator analysed competition issues?</p> <ul style="list-style-type: none">• Issues relating to competition, such as relationships between companies, regions, countries and the private and public sectors, must be analysed to avoid distortion of competition.

Goldplating

- In implementation of EU decisions, it must be made clear whether, and if so why, the Swedish regulation is more far-reaching than the EU decision.

Official review period

Is the official consultation period at least three weeks long?

- A three-week official review period is reasonable to give the consultative bodies time to deal with the case and submit high-quality statements of their opinions.

SimpLex analysis

Has the regulator carried out a SimpLex analysis?

- The Ordinance requires a SimpLex analysis to be carried out on all legislative proposals relating to SMEs. Ninety-eight per cent of Sweden's companies have fewer than 20 employees.

Administrative burden

How will the proposal affect companies' administrative burden?

- NNR will carry out a qualitative assessment of how the proposal will affect their administrative burden.

EU-based

Did the proposal originate in any EU regulations?

Members of NNR

- The Swedish Property Federation
(*Fastighetsägarna Sverige*)
- The Association of Swedish Finance Houses
(*Finansbolagens Förening*)
- The Swedish Investment Fund Association
(*Fondbolagens Förening*)
- The Federation of Private Enterprises
(*Företagarna*)
- The Federation of Swedish Farmers
(*Lantbrukarnas Riksförbund*)
- The Swedish Industry Association
(*Svensk Industriförening*)
- The Swedish Bankers' Association
(*Svenska Bankföreningen*)
- The Swedish Securities Dealers Association
(*Svenska Fondhandlareföreningen*)
- Association of Swedish Chambers of Commerce and Industry
(*Svenska Handelskammarförbundet*)
- The Swedish Petroleum Institute
(*Svenska Petroleum Institutet*)
- The Swedish Newspaper Publishers' Association
(*Svenska Tidningsutgivareföreningen*)
- The Confederation of Swedish Enterprise
(*Svenskt Näringsliv*)